

DRAFT

SUMMARY

Requires each electric company providing electricity to retail electricity consumers located in this state to eliminate coal-fired resources from electric company's electricity supply.

Changes compliance requirements for renewable portfolio standards. Makes other changes to provisions setting forth renewable portfolio standards.

Directs Public Utility Commission to establish stranded costs obligation associated with condemnation of or transaction related to service territory or property of electric company.

Directs commission to allow, in public bidding process for procurement of renewable energy generating facility, inclusion of value of long-term access to and use of facility beyond time at which facility is fully depreciated.

Directs commission to establish means by which electric company may track, and credit or charge customers for, difference between state or federal production tax credits included in rates charged by electric company and actual production tax credits received by electric company.

Requires each electric company to file applications with commission for programs to accelerate transportation electrification. Allows return of and return on investment made by electric company for purposes of programs.

Directs commission to establish program for creation of community solar projects.

Repeals minimum solar energy capacity standard for electric companies. Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to utility regulation; creating new provisions; amending ORS
3 469A.005, 469A.052, 469A.055, 469A.060, 469A.075, 469A.120, 469A.135,
4 469A.140, 469A.145 and 757.375; repealing ORS 757.370; and declaring an
5 emergency.

6 **Be It Enacted by the People of the State of Oregon:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

ELIMINATION OF COAL FROM ELECTRICITY SUPPLY

SECTION 1. (1) As used in this section:

(a) "Allocation of electricity" means, for the purpose of setting electricity rates, the costs and benefits associated with the resources used to provide electricity to an electric company's retail electricity consumers that are located in this state.

(b)(A) "Coal-fired resource" means a facility that uses coal-fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.

(B) "Coal-fired resource" does not include a facility generating electricity that is included as part of a limited duration wholesale power purchase made by an electric company for immediate delivery to retail electricity consumers that are located in this state for which the source of the power is not known.

(c) "Electric company" has the meaning given that term in ORS 757.600.

(d) "Retail electricity consumer" has the meaning given that term in ORS 757.600.

(2) On or before January 1, 2030, an electric company shall eliminate coal-fired resources from its allocation of electricity.

(3)(a) The Public Utility Commission shall adjust any schedule of depreciation approved by the commission for an electric company's coal-fired resource if:

(A) The electric company holds a minority ownership share in only one coal-fired resource, with no more than four generating units; and

(B) The electric company serves at least 800,000 retail electricity consumers and only retail electricity consumers that are located in this state.

(b) The adjusted depreciation schedule described in paragraph (a) of this subsection must require the coal-fired resource described in

1 paragraph (a)(A) of this subsection to be fully depreciated on or before
2 December 31, 2030.

3 (4) Notwithstanding subsections (2) and (3) of this section, for the
4 number of years requested by the electric company, not to exceed five
5 years after the coal-fired resource is fully depreciated, the commission
6 shall authorize an electric company described in subsection (3) of this
7 section to include in the company's allocation of electricity all costs
8 and benefits associated with the coal-fired resource described in sub-
9 section (3)(a)(A) of this section if:

10 (a) The electric company requests the commission to authorize the
11 allocation of electricity; or

12 (b) The owners of the coal-fired resource agree to close the coal-
13 fired resource on or before the date that is five years after the date
14 the coal-fired resource is fully depreciated.

15 (5) Notwithstanding ORS 757.355, this section does not prevent the
16 full recovery of prudently incurred costs related to the decommis-
17 sioning of a coal-fired resource or the closure of a coal-fired resource,
18 at the time those costs are incurred.

19
20 **AMENDMENTS TO STATUTES REGULATING**
21 **RENEWABLE PORTFOLIO STANDARDS**

22
23 **(Compliance Requirements for**
24 **Renewable Portfolio Standard)**

25
26 **SECTION 2.** ORS 469A.052 is amended to read:

27 469A.052. (1) The large utility renewable portfolio standard imposes the
28 following requirements on an electric utility that makes sales of electricity
29 to retail electricity consumers in an amount that equals three percent or
30 more of all electricity sold to retail electricity consumers:

31 (a) At least five percent of the electricity sold by the **electric** utility to

1 retail electricity consumers in each of the calendar years 2011, 2012, 2013 and
2 2014 must be qualifying electricity;

3 (b) At least 15 percent of the electricity sold by the **electric** utility to
4 retail electricity consumers in each of the calendar years 2015, 2016, 2017,
5 2018 and 2019 must be qualifying electricity;

6 (c) At least 20 percent of the electricity sold by the **electric** utility to
7 retail electricity consumers in each of the calendar years 2020, 2021, 2022,
8 2023 and 2024 must be qualifying electricity; *[and]*

9 (d) **At least 25 percent of the electricity sold by a consumer-owned**
10 **utility to retail electricity consumers in the calendar year 2025 and**
11 **subsequent calendar years must be qualifying electricity;**

12 *[(d)]* (e) At least *[25]* **27** percent of the electricity sold by *[the utility to*
13 *retail electricity consumers in calendar year 2025 and subsequent calendar*
14 *years must be qualifying electricity.]* **an electric company to retail elec-**
15 **tricity consumers in each of the calendar years 2025, 2026, 2027, 2028**
16 **and 2029 must be qualifying electricity;**

17 (f) **At least 35 percent of the electricity sold by an electric company**
18 **to retail electricity consumers in each of the calendar years 2030, 2031,**
19 **2032, 2033 and 2034 must be qualifying electricity;**

20 (g) **At least 45 percent of the electricity sold by an electric company**
21 **to retail electricity consumers in each of the calendar years 2035, 2036,**
22 **2037, 2038 and 2039 must be qualifying electricity; and**

23 (h) **At least 50 percent of the electricity sold by an electric company**
24 **to retail electricity consumers in the calendar year 2040 and subse-**
25 **quent calendar years must be qualifying electricity.**

26 (2) If, on June 6, 2007, an electric utility makes sales of electricity to re-
27 tail electricity consumers in an amount that equals less than three percent
28 of all electricity sold to retail electricity consumers, but in any three con-
29 secutive calendar years thereafter makes sales of electricity to retail elec-
30 tricity consumers in amounts that average three percent or more of all
31 electricity sold to retail electricity consumers, the **electric** utility is subject

1 to the renewable portfolio standard described in subsection (3) of this sec-
 2 tion. The **electric** utility becomes subject to the **renewable portfolio**
 3 standard described in subsection (3) of this section in the calendar year fol-
 4 lowing the three-year period during which the **electric** utility makes sales
 5 of electricity to retail electricity consumers in amounts that average three
 6 percent or more of all electricity sold to retail electricity consumers.

7 (3) An electric utility described in subsection (2) of this section must
 8 comply with the following renewable portfolio standard:

9 (a) Beginning in the fourth calendar year after the calendar year in which
 10 the **electric** utility becomes subject to the **renewable portfolio** standard
 11 described in this subsection, at least five percent of the electricity sold by
 12 the **electric** utility to retail electricity consumers in a calendar year must
 13 be qualifying electricity;

14 (b) Beginning in the 10th calendar year after the calendar year in which
 15 the **electric** utility becomes subject to the **renewable portfolio** standard
 16 described in this subsection, at least 15 percent of the electricity sold by the
 17 **electric** utility to retail electricity consumers in a calendar year must be
 18 qualifying electricity;

19 (c) Beginning in the 15th calendar year after the calendar year in which
 20 the **electric** utility becomes subject to the **renewable portfolio** standard
 21 described in this subsection, at least 20 percent of the electricity sold by the
 22 **electric** utility to retail electricity consumers in a calendar year must be
 23 qualifying electricity; and

24 (d) Beginning in the 20th calendar year after the calendar year in which
 25 the **electric** utility becomes subject to the **renewable portfolio** standard
 26 described in this subsection, at least 25 percent of the electricity sold by the
 27 **electric** utility to retail electricity consumers in a calendar year must be
 28 qualifying electricity.

29 **SECTION 3.** ORS 469A.075 is amended to read:

30 469A.075. (1) An electric company that is subject to a renewable portfolio
 31 standard shall develop an implementation plan for meeting the requirements

of the **renewable portfolio** standard and file the **implementation** plan with the Public Utility Commission. Implementation plans must be revised and updated at least once every two years.

(2) **At a minimum**, an implementation plan must [*at a minimum*] contain:

(a) Annual targets for acquisition and use of qualifying electricity; and

(b) The estimated cost of meeting the annual targets, including the cost of transmission, the cost of firming, shaping and integrating qualifying electricity, the cost of alternative compliance payments and the cost of acquiring renewable energy certificates.

(3) The commission shall acknowledge [*the*] **an** implementation plan no later than six months after the **implementation** plan is filed with the commission. The commission may acknowledge the **implementation** plan subject to conditions specified by the commission.

(4) The commission shall adopt rules:

(a) Establishing requirements for the content of implementation plans;

(b) Establishing the procedure for acknowledgment of implementation plans under this section, including provisions for public comment; and

(c) Providing for the integration of [*the*] **an** implementation plan with the integrated resource planning guidelines established by the commission [*and in effect on June 6, 2007.*] **for the purpose of planning for the least-cost, least-risk acquisition of resources.**

(5) [*The*] **An** implementation plan filed under this section may include procedures that will be used by the electric company to determine whether the costs of constructing a facility that generates electricity from a renewable energy source, or the costs of acquiring bundled or unbundled renewable energy certificates, are consistent with the **renewable portfolio** standards of the commission relating to least-cost, least-risk planning for acquisition of resources.

(Banking Renewable Energy Certificates)

1 **SECTION 4.** ORS 469A.140 is amended to read:

2 469A.140. (1) Renewable energy certificates may be traded, sold or other-
3 wise transferred.

4 (2) Renewable energy certificates that are not used by [*an electric utility*
5 *or electricity service supplier*] **a consumer-owned utility** to comply with a
6 renewable portfolio standard in a calendar year may be banked and carried
7 forward indefinitely for the purpose of complying with a renewable portfolio
8 standard in a subsequent year. For the purpose of **a consumer-owned**
9 **utility** complying with a renewable portfolio standard in any calendar
10 year[:],

11 [(a) *Banked renewable energy certificates must be used, up to the limit*
12 *imposed by ORS 469A.145, before other certificates are used; and]*

13 [(b)] banked renewable energy certificates with the oldest issuance date
14 must be used to comply with the **renewable portfolio** standard before
15 banked renewable energy certificates with more recent issuance dates are
16 used.

17 **(3)(a) Renewable energy certificates issued on or before the effective**
18 **date of this 2016 Act that are not used by an electric company or**
19 **electricity service supplier to comply with a renewable portfolio**
20 **standard in a calendar year may be banked and carried forward in-**
21 **definitely for the purpose of complying with a renewable portfolio**
22 **standard in a subsequent year.**

23 **(b) Except as provided in ORS 469A.020 (5) and (6), for qualifying**
24 **electricity generated by a renewable energy source that is owned by**
25 **an electric company or an electricity service supplier and that becomes**
26 **operational on or before the effective date of this 2016 Act, or for**
27 **qualifying electricity that is acquired under a contract, having a du-**
28 **ration of less than 20 years, for the purchase of electricity generated**
29 **by a renewable energy source that becomes operational between the**
30 **effective date of this 2016 Act and December 31, 2022, renewable energy**
31 **certificates issued for the qualifying electricity after the effective date**

1 of this 2016 Act that are not used by an electric company or an elec-
2 tricity service supplier to comply with a renewable portfolio standard
3 in the calendar year in which the renewable energy certificates are
4 issued may be banked and carried forward, for up to five compliance
5 years immediately following the compliance year in which the
6 renewable energy certificates are issued, for the purpose of complying
7 with a renewable portfolio standard in one of those five compliance
8 years.

9 (c) For qualifying electricity generated by a renewable energy
10 source that is owned by an electric company or an electricity service
11 supplier and that becomes operational between the effective date of
12 this 2016 Act and December 31, 2022, or for qualifying electricity that
13 is acquired under a contract, having a duration of 20 years or more,
14 for the purchase of electricity generated by a renewable energy source
15 that becomes operational between the effective date of this 2016 Act
16 and December 31, 2022, renewable energy certificates issued for the
17 qualifying electricity during the five-year period after the date the
18 renewable energy source becomes operational that are not used by an
19 electric company or an electricity service supplier to comply with a
20 renewable portfolio standard in the calendar year in which the
21 renewable energy certificates are issued may be banked and carried
22 forward indefinitely for the purpose of complying with a renewable
23 portfolio standard in a subsequent year.

24 (d) For qualifying electricity generated by a renewable energy
25 source that is owned by an electric company or an electricity service
26 supplier and that becomes operational between the effective date of
27 this 2016 Act and December 31, 2022, or for qualifying electricity that
28 is acquired under a contract, having a duration of 20 years or more,
29 for the purchase of electricity generated by a renewable energy source
30 that becomes operational between the effective date of this 2016 Act
31 and December 31, 2022, renewable energy certificates issued for the

1 **qualifying electricity more than five years after the renewable energy**
 2 **source becomes operational that are not used by an electric company**
 3 **or an electricity service supplier to comply with a renewable portfolio**
 4 **standard in the calendar year in which the renewable energy certif-**
 5 **icates are issued may be banked and carried forward, for up to five**
 6 **compliance years immediately following the compliance year in which**
 7 **the renewable energy certificates are issued, for the purpose of com-**
 8 **plying with a renewable portfolio standard in one of those five com-**
 9 **pliance years.**

10 **(e) For qualifying electricity generated by a renewable energy**
 11 **source that becomes operational after December 31, 2022, renewable**
 12 **energy certificates issued for the qualifying electricity that are not**
 13 **used by an electric company or an electricity service supplier to com-**
 14 **ply with a renewable portfolio standard in the calendar year in which**
 15 **the renewable energy certificates are issued may be banked and car-**
 16 **ried forward, for up to five compliance years immediately following the**
 17 **compliance year in which the renewable energy certificates are issued,**
 18 **for the purpose of complying with a renewable portfolio standard in**
 19 **one of those five compliance years.**

20 **[(3)] (4) An electric utility or electricity service supplier is responsible for**
 21 **demonstrating that a renewable energy certificate used to comply with a**
 22 **renewable portfolio standard is derived from a renewable energy source and**
 23 **that the electric utility or electricity service supplier has not used, traded,**
 24 **sold or otherwise transferred the renewable energy certificate.**

25 **[(4)] (5) [The same] A renewable energy certificate may be used by an**
 26 **electric utility or electricity service supplier to comply with both a federal**
 27 **renewable portfolio standard and a renewable portfolio standard established**
 28 **under ORS 469A.005 to 469A.210. An electric utility or electricity service**
 29 **supplier that uses a renewable energy certificate to comply with a renewable**
 30 **portfolio standard imposed by [any other] a state other than this state may**
 31 **not use the same renewable energy certificate to comply with a renewable**

portfolio standard established under ORS 469A.005 to 469A.210.

**(Acquisition of Electric Company
Service Territory)**

SECTION 5. ORS 469A.055 is amended to read:

469A.055. (1) Except as provided in this section, an electric utility that makes sales of electricity to retail electricity consumers in an amount that equals less than three percent of all electricity sold to retail electricity consumers is not subject to ORS 469A.005 to 469A.210.

(2) Beginning in calendar year 2025, at least five percent of the electricity sold to retail electricity consumers in a calendar year by an electric utility must be qualifying electricity if the electric utility makes sales of electricity to retail electricity consumers in an amount that equals less than one and one-half percent of all electricity sold to retail electricity consumers.

(3) Beginning in calendar year 2025, at least 10 percent of the electricity sold to retail electricity consumers in a calendar year by an electric utility must be qualifying electricity if the electric utility makes sales of electricity to retail electricity consumers in an amount that equals or is more than one and one-half percent, and less than three percent, of all electricity sold to retail electricity consumers.

(4) The exemption provided by subsection (1) of this section terminates if an electric utility, or a joint operating entity that includes the electric utility as a member, acquires electricity from an electricity generating facility that uses coal as an energy source or makes an investment on or after June 6, 2007, in an electricity generating facility that uses coal as an energy source. **Beginning in the calendar year following the year in which an electric utility's exemption terminates under this subsection, the electric utility is subject to the renewable portfolio standard described in ORS 469A.052 (3) and the provisions of ORS 469A.005 to 469A.210 that apply to ORS 469A.052 (3).** This subsection does not apply to:

1 (a) A wholesale market purchase by an electric utility for which the en-
2 ergy source for the electricity is not known;

3 (b) BPA electricity;

4 (c) Acquisition of electricity under a contract entered into before June
5 6, 2007;

6 (d) A renewal or replacement contract for a contract for purchase of
7 electricity described in paragraph (c) of this subsection;

8 (e) A purchase of electricity if the electricity is included in a contract for
9 the purchase of qualifying electricity and is necessary to shape, firm or in-
10 tegrate the qualifying electricity;

11 (f) Electricity provided to an electric utility under a contract for the ac-
12 quisition of an interest in an electricity generating facility that was entered
13 into by the **electric** utility before June 6, 2007, or entered into before June
14 6, 2007, by an electric cooperative organized under ORS chapter 62 of which
15 the electric utility is a member, without regard to whether the electricity is
16 being used to serve the load of the electric utility on June 6, 2007; or

17 (g) Investments in an electricity generating facility that uses coal as an
18 energy source if the investments are for the purpose of improving the
19 facility's pollution mitigation equipment or the facility's efficiency or are
20 necessary to comply with requirements or standards imposed by govern-
21 mental entities.

22 *[(5) The exemption provided by subsection (1) of this section terminates for*
23 *a consumer-owned utility if at any time after June 6, 2007, the utility acquires*
24 *service territory of an electric company without the consent of the electric*
25 *company.]*

26 *[(6) Beginning in the calendar year following the year in which an electric*
27 *utility's exemption terminates under subsection (4) or (5) of this section, the*
28 *utility is subject to the renewable portfolio standard described in ORS*
29 *469A.052 (3) and related provisions of ORS 469A.005 to 469A.210.]*

30 **(5) If an electric utility acquires service territory of an electric**
31 **company without the consent of the electric company, then beginning**

1 in the calendar year following the acquisition the electric utility is
2 subject to the renewable portfolio standard that is applicable to the
3 electric company and the provisions of ORS 469A.005 to 469A.210 that
4 apply to that renewable portfolio standard.

5 [(7)] (6) The provisions of this section do not affect the requirement that
6 electric utilities offer a green power rate under ORS 469A.205.

7 **SECTION 6.** ORS 469A.060 is amended to read:

8 469A.060. (1) Electric utilities are not required to comply with the
9 renewable portfolio standards described in ORS 469A.052 and 469A.055 to the
10 extent that:

11 (a) Compliance with the standard would require the **electric** utility to
12 acquire electricity in excess of the **electric** utility's projected load require-
13 ments in any calendar year; and

14 (b) Acquiring the additional electricity would require the **electric** utility
15 to substitute qualifying electricity for electricity derived from an energy
16 source other than coal, natural gas or petroleum.

17 (2)(a) Electric utilities are not required to comply with a renewable
18 portfolio standard to the extent that compliance would require the **electric**
19 utility to substitute qualifying electricity for electricity available to the
20 **electric** utility under contracts for electricity from dams that are owned by
21 Washington public utility districts and **that** are located between the Grand
22 Coulee Dam and the Columbia River's junction with the Snake River. The
23 provisions of this subsection apply only to contracts entered into before June
24 6, 2007, and to renewal or replacement contracts for contracts entered into
25 before June 6, 2007.

26 (b) If a contract described in paragraph (a) of this subsection expires and
27 is not renewed or replaced, the **electric** utility must comply, in the calendar
28 year following the expiration of the contract, with the renewable portfolio
29 standard applicable to the **electric** utility.

30 (3) A consumer-owned utility is not required to comply with a renewable
31 portfolio standard to the extent that compliance would require the

1 **consumer-owned** utility to reduce the **consumer-owned** utility's purchases
 2 of the lowest priced electricity from the Bonneville Power Administration
 3 pursuant to section 5 of the Pacific Northwest Electric Power Planning and
 4 Conservation Act of 1980, P.L. 96-501, as in effect on June 6, 2007. The ex-
 5 emption provided by this subsection:

6 (a) Applies only to firm commitments for BPA electricity that the
 7 Bonneville Power Administration has assured will be available to a
 8 **consumer-owned** utility to meet agreed portions of the **consumer-owned**
 9 utility's load requirements for a defined period of time[.]; and

10 (b) Does not apply to a consumer-owned utility that acquires ser-
 11 vice territory of an electric company without the consent of the elec-
 12 tric company on or after June 6, 2007.

13
 14 (Electricity Service Suppliers)
 15

16 **SECTION 7.** ORS 469A.135 is amended to read:

17 469A.135. (1) A bundled renewable energy certificate may be used to
 18 comply with a renewable portfolio standard if:

19 (a) The facility that generates the qualifying electricity for which the
 20 **bundled renewable energy** certificate is issued is located in the United
 21 States and within the geographic boundary of the Western Electricity Coor-
 22 dinating Council; and

23 (b) The qualifying electricity for which the **bundled renewable energy**
 24 certificate is issued is delivered to:

25 (A) The Bonneville Power Administration[, to];

26 (B) The transmission system of an electric utility [*or to another*];

27 (C) A delivery point designated by [*an*] **the** electric utility for the purpose
 28 of subsequent delivery to the electric utility; or

29 (D) A delivery point mutually agreed to by a distribution utility and
 30 an electricity service supplier for the purpose of subsequent delivery
 31 to the distribution utility serving the customer of the electricity ser-

vice supplier.

(2) An unbundled renewable energy certificate may be used to comply with a renewable portfolio standard if the facility that generates the qualifying electricity for which the **unbundled renewable energy** certificate is [issued] **acquired** is located within the geographic boundary of the Western Electricity Coordinating Council.

(3) Renewable energy certificates issued for any electricity that the Bonneville Power Administration has designated as environmentally preferred power, or has given a similar designation for electricity generated from a renewable resource, may be used to comply with a renewable portfolio standard without regard to the location of the generating facility.

(4) This section does not affect the obligations or requirements:

(a) Imposed under or agreed to in a contract with a distribution utility;

(b) Imposed under tariff schedules approved by the Public Utility Commission;

(c) Imposed under an approved open access transmission tariff; or

(d) Imposed under rules adopted by the commission under ORS 757.600 to 757.689.

SECTION 8. ORS 469A.145 is amended to read:

469A.145. (1) Except as otherwise provided in this section, unbundled renewable energy certificates, including banked unbundled renewable energy certificates, may not be used to meet more than 20 percent of the requirements of the large utility renewable portfolio standard described in ORS 469A.052 for any compliance year.

(2) The limitation imposed by subsection (1) of this section does not apply to **unbundled** renewable energy certificates [issued] **acquired** for electricity generated in [Oregon] **this state** from a renewable energy source by a net metering facility, as defined in ORS 757.300, or another generating facility that is not directly connected to a distribution or transmission system.

(3) The limitation imposed by subsection (1) of this section does not apply

1 to **unbundled** renewable energy certificates [*issued*] **acquired** for electricity
2 generated in [*Oregon*] **this state** by a qualifying facility under ORS 758.505
3 to 758.555.

4 (4) The limitation imposed by subsection (1) of this section does not apply
5 to an electricity service supplier **for purposes of meeting the renewable**
6 **portfolio standard described in ORS 469A.065 during compliance years**
7 **before 2021.**

8

9 **(Recovery of Costs for Complying**
10 **with Renewable Portfolio Standard)**

11

12 **SECTION 9.** ORS 469A.120 is amended to read:

13 469A.120. (1) Except as provided in ORS 469A.180 (5), all prudently in-
14 curred costs associated with [*compliance with a renewable portfolio*
15 *standard*] **complying with ORS 469A.005 to 469A.210** are recoverable in the
16 rates of an electric company, including interconnection costs, costs associ-
17 ated with using physical or financial assets to integrate, firm or shape
18 renewable energy sources on a firm annual basis to meet retail electricity
19 needs, above-market costs [*and*], other costs associated with transmission
20 and delivery of qualifying electricity to retail electricity consumers **and any**
21 **other costs associated with complying with a renewable portfolio**
22 **standard.**

23 (2)(a) The Public Utility Commission shall establish an automatic ad-
24 justment clause as defined in ORS 757.210 or another method that allows
25 timely recovery of costs prudently incurred by an electric company to con-
26 struct or otherwise acquire facilities that generate electricity from renewable
27 energy sources [*and for*], **costs related to** associated electricity transmission
28 **and costs related to associated energy storage.**

29 (b) Notwithstanding any other provision of law, upon the request of any
30 interested person the commission shall conduct a proceeding to establish the
31 terms of the automatic adjustment clause or other method for timely recov-

1 ery of costs. The commission shall provide parties to the proceeding with the
2 procedural rights described in ORS 756.500 to 756.610, including but not
3 limited to the opportunity to develop an evidentiary record, conduct discov-
4 ery, introduce evidence, conduct cross-examination and submit written briefs
5 and oral argument. The commission shall issue a written order with findings
6 on the evidentiary record developed in the proceeding.

7 (3)(a) An electric company must file with the commission for approval of
8 a proposed rate change to recover costs under the terms of an automatic
9 adjustment clause or other method for timely recovery of costs established
10 under subsection (2) of this section. **As part of an electric company's re-**
11 **quest for approval under this subsection, the electric company may**
12 **specify the date or the dates on which the electric company will begin**
13 **to include in the electric company's rates, in full or in part, the costs**
14 **recoverable under subsection (2) of this section. The commission may**
15 **accept or reject the date or dates specified by the electric company.**

16 (b) Notwithstanding any other provision of law, upon the request of any
17 interested person the commission shall conduct a proceeding to determine
18 whether to approve a proposed change in rates under the automatic adjust-
19 ment clause or other method for timely recovery of costs. The commission
20 shall provide parties to the proceeding with the procedural rights described
21 in ORS 756.500 to 756.610, including but not limited to the opportunity to
22 develop an evidentiary record, conduct discovery, introduce evidence, con-
23 duct cross-examination and submit written briefs and oral argument. The
24 commission shall issue a written order with findings on the evidentiary re-
25 cord developed in the proceeding.

26 (c) A filing made under this subsection is subject to the commission's
27 authority under ORS 757.215 to suspend a rate, or schedule of rates, for in-
28 vestigation.

29
30 **(Exemption for Purposes of Meeting**
31 **Reliability Standards of North American**

Electric Reliability Corporation)

SECTION 10. Sections 11 and 12 of this 2016 Act are added to and made a part of ORS 469A.005 to 469A.210.

SECTION 11. (1) Notwithstanding ORS 469A.052, an electric company may apply to the Public Utility Commission for a temporary exemption from complying with one or more of the requirements of ORS 469A.052. The commission may grant a temporary exemption under this section if the commission determines that compliance with one or more of the requirements of ORS 469A.052 is likely to result in conflicts with or compromises to the electric company's obligation to comply with the mandatory and enforceable reliability standards of the North American Electric Reliability Corporation. An application submitted under this section must include:

(a) An explanation of the reliability issue and how a temporary exemption from complying with one or more of the requirements of ORS 469A.052 will avoid the reliability issue; and

(b) A plan to achieve full compliance with the requirements of ORS 469A.052.

(2) In applying for a temporary exemption under this section, an electric company has the burden of demonstrating that compliance with one or more of the requirements of ORS 469A.052 is likely to result in conflicts with or compromises to the electric company's obligation to comply with the reliability standards of the North American Electric Reliability Corporation.

(3) If the commission determines under this section that compliance with one or more of the requirements of ORS 469A.052 is likely to result in conflicts with or compromises to an electric company's obligation to comply with the reliability standards of the North American Electric Reliability Corporation, the commission shall issue an order:

(a) Temporarily exempting the electric company from one or more

1 of the requirements of ORS 469A.052 for an amount of time sufficient
2 to allow the electric company to achieve full compliance with the re-
3 quirements of ORS 469A.052;

4 (b) Directing the electric company to file a progress report on
5 achieving full compliance with the requirements of ORS 469A.052
6 within six months after issuing the order, or within an amount of time
7 determined to be reasonable by the commission; and

8 (c) Directing the electric company to take specific actions to
9 achieve full compliance with the requirements of ORS 469A.052.

10 (4) An electric company may request an extension of a temporary
11 exemption granted under this section.

12 (5) This section does not permanently relieve an electric company
13 of its obligation to comply with the requirements of ORS 469A.052.

14
15 (Investigation of Future Variable Cost Recovery)
16

17 **SECTION 12.** At the request of an electric company, made in a form
18 and manner prescribed by the Public Utility Commission, the com-
19 mission may open an investigation to determine whether the require-
20 ments of ORS 469A.052 (1)(e), (f), (g) or (h), or other requirements
21 under ORS 469A.005 to 469A.210 related to the supply of electricity,
22 necessitate changes to the methodology for recovery of variable costs
23 associated with supplying electricity.
24

25 **GENERAL REGULATORY PROVISIONS**
26

27 (Series Placement)
28

29 **SECTION 13.** Sections 14, 15 and 16 of this 2016 Act are added to and
30 made a part of ORS chapter 757.
31

(Acquisition of Electric Company
Service Territory or Property)

SECTION 14. (1) For purposes of this section:

(a) “Electric company” has the meaning given that term in ORS 757.600.

(b) “Electric utility” has the meaning given that term in ORS 757.600.

(c) “Retail electricity consumer” has the meaning given that term in ORS 757.600.

(2) The Public Utility Commission shall establish a stranded costs obligation payable by an electric utility to an electric company in association with a condemnation or transaction described in subsection (3) of this section.

(3)(a) An electric utility that condemns the service territory or property of an electric company, or acquires property pursuant to a transaction described in ORS 757.480, must pay the stranded costs obligation established by the commission under subsection (2) of this section.

(b) The purpose of the stranded costs obligation is to prevent shifting the costs associated with the loss of service territory or property of an electric company from the retail electricity consumers of the electric utility to the retail electricity consumers of the electric company.

(4) The commission shall determine the stranded costs obligation in accordance with the Federal Energy Regulatory Commission’s current methodology for determining stranded costs under the same or similar circumstances.

(5) This section does not interfere with or supersede the jurisdiction of the Federal Energy Regulatory Commission.

(Valuation of Renewable Energy Resources)

SECTION 15. (1) The Legislative Assembly finds and declares that the Public Utility Commission has the authority to make an estimation and valuation of the long-term benefit of:

- (a) Any renewable energy generating facility;**
- (b) Any renewable energy site; or**
- (c) Any renewable energy resource acquired by a public utility.**

(2) The commission shall adopt rules or issue orders that allow, in any public bidding process for the procurement of a renewable energy generating facility, inclusion in the cost of procurement the value to the customers of the public utility of:

(a) The long-term access to and use of the renewable energy generating facility, renewable energy site or renewable energy resource beyond the time at which the renewable energy generating facility is fully depreciated; and

(b) Potentially repowering, refurbishing or retrofitting the renewable energy generating facility in a manner that ensures the ability of the renewable energy generating facility to continue generating power beyond the expected useful life of the renewable energy generating facility.

(Tax Credit Tracking)

SECTION 16. (1) As used in this section, "electric company" has the meaning given that term in ORS 757.600.

(2) The Public Utility Commission shall establish the means by which an electric company may track, and credit or charge customers for, the difference between state or federal production tax credits included in rates charged by the electric company and actual production tax credits received by the electric company.

(3) The means by which an electric company may credit or charge customers pursuant to subsection (1) of this section is not subject to ORS 757.259.

ENERGY EFFICIENCY

SECTION 17. (1) As used in this section, "electric company" has the meaning given that term in ORS 757.600.

(2) The Legislative Assembly finds and declares that:

(a) Energy efficiency programs promote lower energy bills, protect the public health and safety, improve environmental quality, stimulate sustainable economic development, create new employment opportunities and reduce reliance on imported fuels; and

(b) Demand response resources result in more efficient use of existing resources and reduce the need for procuring new power generating resources, which, in turn, reduces energy bills, protects the public health and safety and improves environmental quality.

(3) For the purposes of ensuring prudent investments by an electric company in energy efficiency and demand response before the electric company acquires new resources, producing cost-effective energy savings, reducing customer demand for energy, reducing overall electrical system costs, increasing the public health and safety and improving environmental quality, each electric company serving customers in this state shall:

(a) Plan for and pursue all available energy efficiency resources that are cost effective, reliable and feasible; and

(b) As directed by the Public Utility Commission by rule or order, plan for and pursue the acquisition of cost-effective demand response resources.

TRANSPORTATION ELECTRIFICATION PROGRAMS

SECTION 18. (1) As used in this section:

(a) “Electric company” has the meaning given that term in ORS 757.600.

(b) “Transportation electrification” means:

(A) The use of electricity from external sources to provide power to all or part of a vehicle;

(B) Programs related to developing the use of electricity for the purpose described in subparagraph (A) of this paragraph; and

(C) Infrastructure investments related to developing the use of electricity for the purpose described in subparagraph (A) of this paragraph.

(c) “Vehicle” means a vehicle, vessel, train, boat or any other equipment that is mobile.

(2) The Legislative Assembly finds and declares that:

(a) Transportation electrification is necessary to reduce petroleum use, achieve optimum levels of energy efficiency and carbon reduction, meet federal and state air quality standards, meet this state’s greenhouse gas emissions reduction goals described in ORS 468A.205 and improve the public health and safety;

(b) Widespread transportation electrification requires that electric companies increase access to the use of electricity as a transportation fuel;

(c) Widespread transportation electrification requires that electric companies increase access to the use of electricity as a transportation fuel in low and moderate income communities;

(d) Widespread transportation electrification should stimulate innovation and competition, provide consumers with increased options in the use of charging equipment and in procuring services from suppliers of electricity, attract private capital investments and create high quality jobs in this state;

(e) Deploying electric vehicles should assist in managing the elec-

1 trical grid, integrating generation from renewable energy resources
2 and improving electric system efficiency and operational flexibility,
3 including the ability of an electric company to integrate variable gen-
4 erating resources;

5 (f) Deploying electric vehicles in the manner described in paragraph
6 (e) of this subsection creates the opportunity for an electric company
7 to propose, to the Public Utility Commission, that a net benefit for the
8 customers of the electric company is attainable; and

9 (g) Charging electric vehicles in a manner that provides benefits to
10 electrical grid management affords fuel cost savings for vehicle driv-
11 ers.

12 (3) The Public Utility Commission shall direct each electric com-
13 pany to file applications, in a form and manner prescribed by the
14 commission, for programs to accelerate transportation electrification
15 that are consistent with the findings and declarations described in
16 subsection (2) of this section. A program proposed by an electric
17 company may include prudent investments in or customer rebates for
18 electric vehicle charging and related infrastructure that are:

19 (a) Within the service territory of the electric company;

20 (b) Installed on or after July 1, 2016;

21 (c) Reasonably expected to be used and useful;

22 (d) Reasonably expected to enable the electric company to support
23 the electric company's electrical system; and

24 (e) Reasonably expected to improve the electric company's electrical
25 system efficiency and operational flexibility, including the ability of
26 the electric company to integrate variable generating resources.

27 (4)(a) Tariff schedules and rates allowed pursuant to subsection (3)
28 of this section:

29 (A) May allow a return of and a return on an investment made by
30 an electric company under subsection (3) of this section; and

31 (B) Shall be recovered from all customers of an electric company

1 in a manner that is similar to the recovery of distribution system in-
2 vestments.

3 (b) A return on investment allowed under this subsection may be
4 earned for a period of time that does not exceed the depreciation
5 schedule of the investment approved by the commission. When an
6 electric company's investment is fully depreciated, the electric com-
7 pany may donate the electric vehicle charging infrastructure to the
8 owner of the property on which the infrastructure is located.

9 (5) For purposes of ORS 757.355, electric vehicle charging
10 infrastructure provides utility service to the customers of an electric
11 company.

12 (6) In authorizing programs described in subsection (3) of this sec-
13 tion, the commission shall review data concerning current and future
14 adoption of electric vehicles and utilization of electric vehicle charging
15 infrastructure. If market barriers unrelated to the investment made
16 by an electric company prevent electric vehicles from adequately uti-
17 lizing available electric vehicle charging infrastructure, the commis-
18 sion may not permit additional investments in transportation
19 electrification without a reasonable showing that the investments
20 would not result in long-term stranded costs recoverable from the
21 customers of electric companies.

22 23 SOLAR PROGRAMS

24 25 (Community Solar Projects)

26 27 SECTION 19. (1) For purposes of this section:

28 (a) "Community solar project" has the meaning given that term by
29 the Public Utility Commission by rule.

30 (b) "Electric company" has the meaning given that term in ORS
31 757.600.

1 (c) "Solar photovoltaic energy system" means equipment and de-
2 vices that have the primary purpose of collecting solar energy and
3 generating electricity by photovoltaic effect.

4 (2) The Public Utility Commission shall establish by rule a program
5 for the creation of community solar projects. As part of the program,
6 the commission shall require each electric company to procure an
7 amount of electricity, to be determined by the commission, from
8 community solar projects.

9 (3) A community solar project:

10 (a) Must have at least one solar photovoltaic energy system with a
11 generating capacity of at least 25 kilowatts;

12 (b) May be owned by an electric company or by a third party from
13 whom an electric company purchases power;

14 (c) Must be located in this state; and

15 (d) If owned by an electric company, may be located anywhere in
16 the service territory of the electric company.

17 (4) The owner or operator of a community solar project may offer
18 subscriptions for the generation of electricity only to residential and
19 small commercial consumers of electricity that are located:

20 (a) In this state; and

21 (b) In the service territory of an electric company.

22 (5) The owner or operator of a community solar project may offer
23 individual subscriptions for the generation of electricity, as described
24 in subsection (4) of this section, in any amount that does not exceed
25 the subscriber's average annual consumption of electricity.

26 (6)(a) Except as provided in paragraph (b) of this subsection, an
27 electric company shall credit a subscriber's electric bill for the amount
28 of electricity generated by a community solar project for the sub-
29 scriber in an amount that equals the resource value of solar energy.
30 For purposes of this paragraph, the commission shall determine the
31 resource value of solar energy.

1 (b) The commission may adopt a rate for an electric company to
2 use in crediting a subscriber's electric bill other than the rate de-
3 scribed in paragraph (a) of this subsection if the commission has good
4 cause to adopt the different rate.

5 (7) The costs and benefits of a community solar project shall be
6 borne by the owner, operator or developer of the community solar
7 project.

8 (8) All start-up costs prudently incurred by an electric company
9 during the development or modification of the program established
10 under this section are recoverable in the rates of an electric company.
11 All ongoing costs incurred during the continued administration of a
12 community solar project shall be borne by the owner or operator of
13 the community solar project.

14 (9) A subscriber to a community solar project owns all renewable
15 energy certificates provided for in the system established under ORS
16 469A.130 that are associated with the electricity generated by the
17 community solar project, in proportion to the subscriber's sub-
18 scription.

19 (10) As part of the program established under this section, the
20 commission shall:

21 (a) Identify low-income residential consumers of electricity;

22 (b) Determine a methodology by which 15 percent of the total gen-
23 erating capacity of the community solar projects operated under the
24 program will be made available for use by low-income residential
25 consumers of electricity; and

26 (c) Periodically review and adjust the percentage described in par-
27 agraph (b) of this subsection.

28 SECTION 20. (1) After determining the initial amount of electricity
29 that an electric company must procure from community solar projects
30 pursuant to section 19 (2) of this 2016 Act, the Public Utility Commis-
31 sion may not increase the amount of electricity that an electric com-

1 pany must procure from community solar projects until January 1,
2 2019.

3 (2) The commission may not adjust the percentage of the total
4 generating capacity of the community solar projects operated under
5 the program that will be made available for use by low-income resi-
6 dential consumers of electricity pursuant to section 19 (10)(c) of this
7 2016 Act until January 1, 2019.

8 **SECTION 21.** On or before January 1, 2019, the Public Utility Com-
9 mission shall report on the implementation of section 19 of this 2016
10 Act to the interim committees of the Legislative Assembly related to
11 business and energy. As part of the report, the commission may make
12 recommendations for legislation. The commission shall submit the
13 report in the manner required by ORS 192.245.

14
15 (Repeal of Minimum Solar Energy
16 Capacity Standard for Electric Companies)

17
18 **SECTION 22.** ORS 757.370 is repealed.

19 **SECTION 23.** ORS 757.375 is amended to read:

20 757.375. (1) Any electricity produced from a [*qualifying system under ORS*
21 *757.370*] **solar photovoltaic energy system** that is physically located in this
22 state may be used by an electric company to comply with the renewable
23 portfolio standard established under ORS 469A.005 to 469A.210.

24 (2) For each kilowatt-hour of electricity produced from a qualifying sys-
25 tem that first becomes operational before January 1, 2016, and [*generates at*
26 *least*] **has a nameplate capacity of between 500 kilowatts and five**
27 **megawatts of alternating current**, an electric company [*will be credited*
28 *with*] **shall receive** two kilowatt-hours of qualifying electricity toward the
29 company's compliance with the renewable portfolio standard under ORS
30 469A.005 to 469A.210, up to a maximum of 20 megawatts of capacity.

CONFORMING AMENDMENTS

SECTION 24. ORS 469A.005 is amended to read:

469A.005. As used in ORS 469A.005 to 469A.210:

(1) "Banked renewable energy certificate" means a bundled or unbundled renewable energy certificate that is not used by an electric utility or electricity service supplier to comply with a renewable portfolio standard in a calendar year, and that is carried forward for the purpose of compliance with a renewable portfolio standard in a subsequent year.

(2) "BPA electricity" means electricity provided by the Bonneville Power Administration, including *[all]* electricity *[from]* **generated by** the Federal Columbia River Power System hydroelectric projects and *[other]* electricity acquired by the Bonneville Power Administration by contract.

(3) "Bundled renewable energy certificate" means a renewable energy certificate for qualifying electricity that is acquired:

(a) By an electric utility or electricity service supplier by a trade, purchase or other transfer of electricity that includes the **renewable energy** certificate that was issued for the electricity; or

(b) By an electric utility by generation of the electricity for which the **renewable energy** certificate was issued.

(4) "Compliance year" means the calendar year for which the electric utility or electricity service supplier seeks to establish compliance with the renewable portfolio standard applicable to the **electric** utility or **electricity service** supplier in the compliance report submitted under ORS 469A.170.

(5) "Consumer-owned utility" means a municipal electric utility, a people's utility district organized under ORS chapter 261 that sells electricity or an electric cooperative organized under ORS chapter 62.

(6) "**Distribution utility**" has the meaning given that term in ORS **757.600**.

~~[(6)]~~ (7) "Electric company" has the meaning given that term in ORS 757.600.

1 [(7)] (8) "Electric utility" has the meaning given that term in ORS
2 757.600.

3 [(8)] (9) "Electricity service supplier" has the meaning given that term in
4 ORS 757.600.

5 [(9)] (10) "Qualifying electricity" means electricity described in ORS
6 469A.010.

7 [(10)] (11) "Renewable energy source" means a source of electricity de-
8 scribed in ORS 469A.025.

9 [(11)] (12) "Retail electricity consumer" means a retail electricity con-
10 sumer, as defined in ORS 757.600, that is located in Oregon.

11 [(12)] (13) "Unbundled renewable energy certificate" means a renewable
12 energy certificate for qualifying electricity that is acquired by an electric
13 utility or electricity service supplier by trade, purchase or other transfer
14 without acquiring the electricity *[for which the]* **that is associated with the**
15 **renewable energy** certificate *[was issued]*.

16

17 **MISCELLANEOUS**

18

19 **SECTION 25.** The Public Utility Commission shall establish the
20 means by which an electric company may track the difference between
21 tax credits, and credit or charge customers, under section 16 of this
22 2016 Act on or before October 1, 2016.

23 **SECTION 26.** The Public Utility Commission shall direct each elec-
24 tric company in this state to file applications as required by section
25 18 of this 2016 Act on or before September 30, 2016.

26 **SECTION 27.** The unit captions used in this 2016 Act are provided
27 only for the convenience of the reader and do not become part of the
28 statutory law of this state or express any legislative intent in the
29 enactment of this 2016 Act.

30 **SECTION 28.** This 2016 Act being necessary for the immediate
31 preservation of the public peace, health and safety, an emergency is

1 **declared to exist, and this 2016 Act takes effect on its passage.**

2
